

# Workers' Compensation Service Agreement

Effective July 1, 2004

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## State of Montana, Montana State Fund (MSF) Service Expectations

***SERVICE AGREEMENT GOAL:*** A reduction of 10% in claims frequency and incurred losses by end of FY05 as compared against FY03 results.

## ***UNDERWRITING SERVICES***

*State Agencies' workers' compensation premiums shall be based upon reasonable estimates of State Agency workers' compensation loss costs. Agencies with higher workers' compensation costs will pay higher workers' compensation insurance premiums.*

### **Montana State Fund (MSF) Underwriting staff will:**

- Identify viable and cost-effective workers' compensation insurance alternatives through MSF programs that provide State Agencies with incentives to manage risk and assist in saving taxpayer dollars through early-return-to-work, loss control, or other programs. Provide the Risk Management & Tort Defense Division with alternative workers' compensation plans (i.e. retrospective, retention, high deductible, or other) by May 25<sup>th</sup> of each fiscal year.
- Provide a summary of the prospective year's rate making by May 25<sup>th</sup> of each fiscal year.
- Provide an updated schedule of projected volume discounts, dividends, scheduled credits (separated by type), experience modification factors, and earned premium for the prospective fiscal year to RMTD by May 25<sup>th</sup> of each fiscal year.
- Apply the ERTW credits through no-warrant transfers quarterly (i.e. October, January, April, July), or at such frequency as agreed with the individual agency, so that Agencies have the opportunity to use the funds for safety, early-return-to-work, or other programs as determined by the Agency Head within the current fiscal year.
- Provide loss experience reports and other statistical reports to State Agencies upon request within 10 business days.
- Facilitate Stewardship meetings with State Agencies. Frequency to be determined by each Agency's need.

**Risk Management & Tort Defense Division (RMTD) staff will:**

- Recommend the most cost-effective method of financing State Agencies' workers' compensation insurance offered by Montana State Fund with input from State Agencies annually.
- Collect and distribute projected volume discount, schedule credit, experience modification factors, and earned premiums to State Agencies by May 25th of each fiscal year.
- Administer the state workers' compensation insurance contract (i.e. service agreement) with Montana State Fund, the state's insurer.
- Collect information on the effectiveness of Agency safety and loss control programs from respective Agencies and share with Montana State Fund.
- Collaborate with Montana State Fund and state agencies to devise and evaluate statewide performance measures and reports for State Agencies to include producing and delivering regular performance reports for the directors and key personnel to State Agencies identified by Risk Management Division.
- Provide a biennial report on the status of agency employee and early-return-to-work programs to the Governor's Office as well as other elected and appointed officials.

## ***CLAIMS SERVICES***

*Management of the injured employee is each of the State Agency's responsibility. Management of the claim is Montana State Fund's responsibility.*

**Montana State Fund Claims staff will:**

- Promptly investigate claims, decide compensability, and communicate important decisions effectively to the employee and policyholder;
- Accept compensable claims promptly;
- Facilitate injured employee's early-return-to-work and close claim promptly with no reserve;
- Assure all claims payments are timely, necessary, and proper;
- Inform policyholders of all significant claim developments and important decisions made by injured employee's physician, Montana State Fund, or legal authority.
- Provide proactive temporary and permanent return to work suggestions to State Agency Supervisors on each wage loss claim by estimating restrictions rather than waiting for the physician.
- Provide State training classes to supervisors and department directors regarding the State of Montana early return to work program and

workers' compensation laws and requirements. Provide early-return – to work training for key state agencies.

- Provide cost-effective claims administration.
- Provide timely and accurate information on workers' compensation claims, losses and premiums to state agencies and Administration.

#### **RMTD Staff will:**

Investigate and provide feasibility analysis on the following:

- Designating one person to coordinate/facilitate the statewide return to work program to enable State Agency cooperation with each other in order to be able to provide productive and meaningful temporary modified duty.
- Designating one person to ensure that injured State employees, who receive or are anticipated to receive permanent restrictions that will preclude them from returning to their pre-accident job, will complete a current State employment application. Application will be reviewed against all State jobs the injured employee will be pre-qualified. (Identifying qualifying jobs may prevent some claims from becoming permanent total claims.)
- Update the state early-return-to work model annually.

#### **Montana State Fund's RESPONSIBILITIES**

Will consult with State Agencies to identify & establish modified positions for injured state employees. In addition, a key contact (supervisor) within the employing agency will be timely notified in accordance with Montana State Fund standards of:

- Release for regular or modified work.
- Appeals, hearings, and/or hearing outcomes.
- All vocational eligibility decisions including name and firm of vocational counselor.
- Reserve increases over \$25,000.
- Late filed first reports of injury.
- Montana State Fund will notify RMTD of:
  - All fatalities.
  - All permanent total disability awards.
  - Difficulties in obtaining agency cooperation in return to work efforts.
  - Difficulties in obtaining information pertinent to a claim or claim defense.

## **State Agencies' RESPONSIBILITIES**

### ***State Agencies will provide to Montana State Fund:***

- Timely, accurate and complete filed first reports of injury (within 6 days of the injury).
- Timely, accurate and complete information pertaining to questionable circumstances or complicating conditions related to a claim.
- Legible copy of all medical restrictions, releases or physical capacity reports
- Timely and accurate notice of employee's return to work or work schedule.
- Copies of all job offers (temporary, modified or permanent).
- Notice of any change in employment status prior to closure.
- An agency representative available or present at all hearings.
- All information necessary to develop a defense for claim decisions.
- Performance evaluations of all employees receiving vocational skills development services within an Agency.
- Timely, accurate and complete earnings data including all forms of compensation and employment status at time of injury (e.g., temporary, permanent, seasonal, on-call, etc.).
- Make early return to work classes mandatory for all supervisors and managers.
- Assure that injured employees are returned to their pre-accident jobs, temporary modified positions, or permanent modified positions.

## ***SAFETY MANAGEMENT SERVICES***

### ***Montana State Fund will:***

- Provide safety management training, and assist state agencies to establish safety programs, safety committees and safety processes.
- Coordinate efforts with RMTD to complement the services and resources provided by RMTD.
- Target high opportunity agencies (agencies with premium above \$75,000 and loss ratio in excess of 75%) for intensive operational safety management consulting.
- Assist in identifying resources available to State Agencies.
- Present overall agency dividend.

***The Risk Management & Tort Defense Division will:***

- Work with the Governor's Office, Montana State Fund, and state agencies in determining the administration's safety goals and priorities for the prospective biennium.
- Provide up-to-date guidelines to assist State Agencies to design, administer, and implement a system of loss control and safety management.
- Consult with State Agency Executives and Safety Coordinators to implement loss prevention training programs and utilize the resources of Montana State Fund Safety Management Consultants where applicable.
- Communicate expectations, feedback on performance, and recognition of results through an annual report to the Governor's Office and State Agencies.
- Administer the Governor's Employee Safety Awards Program at Safety Day in June. Publicly recognize State Agencies identified as exceeding safety goals and priorities through an awards program highlighted at the annual Safety Day. Recognize efforts of Montana State Fund for services provided.
- Assist in identifying resources available to State Agencies.
- Update the state employee safety program model with DOLI.
- Provide safety resources (i.e. on-line safety resource library, term contracts for ergo chairs, equipment, safety supplies, etc.
- Provide appropriate safety training as resources permit.

***State agencies will:***

- Establish comprehensive and effective safety management plans in accordance with safety culture act
- Promote safety training within their agency
- Annually complete and update the safety program self assessment form and send to RMTD by May 25<sup>th</sup>.

# ***ONGOING COMMUNICATIONS & PERFORMANCE REVIEW PROCESS***

- RMTD, Montana State Fund, Agency Contact/Risk Coordinators, Directors, and Team Supervisors will meet as necessary, but not less than semi-annually, to review trends, evaluate progress, and cover any critical claims or problem areas.
- MSF will provide state agency heads with the modified, revised Workers Compensation Service Agreement annually for review and modification as necessary.

**The agreement provided above is the standard agreement set forth by the Department of Administration and Montana State Fund. Your agency's agreement may differ substantially based upon unique exposures, organizational structure, or managerial preferences.**